



# GENERAL ASSEMBLY

## COMMONWEALTH OF KENTUCKY

### 2005 REGULAR SESSION

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HOUSE BILL NO. 28

AS ENACTED

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TUESDAY, MARCH 8, 2005

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TREY GRAYSON  
SECRETARY OF STATE  
COMMONWEALTH OF KENTUCKY  
BY R. Adler

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AN ACT relating to occupational license fees and taxes.

***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

1       Section 1. KRS 68.180 is amended to read as follows:

2       (1) The fiscal court of each county having a population of three hundred thousand  
3       (300,000) or more may by order or resolution impose license fees on franchises,  
4       provide for licensing any business, trade, occupation, or profession, and the using,  
5       holding, or exhibiting of any animal, article, or other thing.

6       (2) License fees on such business, trade, occupation, or profession for revenue  
7       purposes, except those of the common schools, shall be imposed at a percentage  
8       rate not to exceed one and one-fourth percent (1.25%) of:

9       (a) Salaries, wages, commissions, and other compensation earned by persons  
10       within the county for work done and services performed or rendered in the  
11       county; and

12       (b) The net profits of businesses, trades, professions, or occupations from  
13       activities conducted in the county.

14       (3) The provisions of subsection (2) of this section shall not apply to license fees  
15       imposed for regulatory purposes as to form and amount. No public service company  
16       that pays an ad valorem tax shall be required to pay a license tax, and no license tax  
17       shall be imposed upon or collected from any bank, trust company, combined bank  
18       and trust company, combined trust, banking and title business in this state, any  
19       savings and loan association, whether state or federally chartered, or upon income  
20       received by members of the Kentucky National Guard for active duty training, unit  
21       training assemblies, and annual field training, or upon income received by precinct  
22       workers for election training or work at election booths in state, county, and local  
23       primary, regular, or special elections, or upon any profits, earnings, or distributions  
24       of an investment fund which would qualify under KRS 154.20-250 to 154.20-284 to  
25       the extent any profits, earnings, or distributions would not be taxable to an

1 individual investor, or in other cases where the county is prohibited by law from  
 2 imposing a license tax.

3 (4) The provisions and limitations of subsection (2) of this section shall not apply to the  
 4 license fees authorized by KRS 160.482 to 160.488.

5 (5) Pursuant to this section, no fiscal court shall regulate any aspect of the manner  
 6 in which any duly ordained, commissioned, or denominationally licensed  
 7 minister of religion may perform his or her duties and activities as a minister of  
 8 religion. Duly ordained, commissioned, or denominationally licensed ministers of  
 9 religion shall be subject to the same license fees imposed on others in the county  
 10 on salaries, wages, commissions, and other compensation earned for work done  
 11 and services performed or rendered.

12 Section 2. KRS 68.197 is amended to read as follows:

13 (1) The fiscal court of each county having a population of thirty thousand (30,000) or  
 14 more may by ordinance impose license fees on franchises, provide for licensing any  
 15 business, trade, occupation, or profession, and the using, holding, or exhibiting of  
 16 any animal, article, or other thing.

17 (2) License fees on such business, trade, occupation, or profession for revenue  
 18 purposes, except those of the common schools, may be imposed at a percentage rate  
 19 not to exceed one percent (1%) of:

20 (a) Salaries, wages, commissions, and other compensation earned by persons  
 21 within the county for work done and services performed or rendered in the  
 22 county;

23 (b) The net profits of self-employed individuals, partnerships, professional  
 24 associations, or joint ventures resulting from trades, professions, occupations,  
 25 businesses, or activities conducted in the county; and

26 (c) The net profits of corporations resulting from trades, professions, occupations,  
 27 businesses, or activities conducted in the county.

- 1 (3) In order to reduce administrative costs and minimize paperwork for employers,  
2 employees, and businesses, the fiscal court may provide:
- 3 (a) For an annual fixed amount license fee which a person may elect to pay in lieu  
4 of reporting and paying the percentage rate as provided in this subsection on  
5 salaries, wages, commissions, and other compensation earned within the  
6 county for work done and services performed or rendered in the county; and
- 7 (b) For an annual fixed amount license fee which an individual, partnership,  
8 professional association, joint venture, or corporation may elect to pay in lieu  
9 of reporting and paying the percentage rate as provided in this subsection on  
10 net profits of businesses, trades, professions, or occupations from activities  
11 conducted in the county.
- 12 (4) Licenses imposed for regulatory purposes are not subject to such limitations as to  
13 form and amount. No public service company that pays an ad valorem tax is  
14 required to pay a license tax, and no license tax shall be imposed upon or collected  
15 from any insurance company except as provided in KRS 91A.080, bank, trust  
16 company, combined bank and trust company, combined trust, banking, and title  
17 business in this state, or any savings and loan association whether state or federally  
18 chartered, or in other cases where the county is prohibited by law from imposing a  
19 license fee.
- 20 (5) No license fee shall be imposed or collected on income received by members of the  
21 Kentucky National Guard for active duty training, unit training assemblies, and  
22 annual field training, or on income received by precinct workers for election  
23 training or work at election booths in state, county, and local primary, regular, or  
24 special elections, or upon any profits, earnings, or distributions of an investment  
25 fund which would qualify under KRS 154.20-250 to 154.20-284 to the extent any  
26 profits, earnings, or distributions would not be taxable to an individual investor.
- 27 (6) Persons who pay a county license fee pursuant to this section and who also pay a

1 license fee to a city contained in the county may, upon agreement between the  
2 county and the city, credit their city license fee against their county license fee.

3 (7) The provisions of subsection (6) of this section notwithstanding, effective with  
4 license fees imposed under the provisions of subsection (1) of this section on or  
5 after July 15, 1986, persons who pay a county license fee and a license fee to a city  
6 contained in the county shall be allowed to credit their city license fee against their  
7 county license fee.

8 (8) On July 14, 2000, the provisions of subsection (7) of this section notwithstanding,  
9 city license fees not credited against county license fees enacted under this section  
10 or KRS 67.083 as of January 1, 2000, shall not be credited against county license  
11 fees. However, this exception shall not apply to county license fees enacted for the  
12 first time, or increased, on or after January 1, 2000. This provision shall expire July  
13 15, 2002, unless otherwise extended by the General Assembly.

14 (9) A county that enacted an occupational license fee under the authority of KRS  
15 67.083 shall not be required to reduce its occupational tax rate when it is  
16 determined that the population of the county exceeds thirty thousand (30,000).

17 (10) Pursuant to this section, no fiscal court shall regulate any aspect of the manner  
18 in which any duly ordained, commissioned, or denominationally licensed  
19 minister of religion may perform his or her duties and activities as a minister of  
20 religion. Duly ordained, commissioned, or denominationally licensed ministers of  
21 religion shall be subject to the same license fees imposed on others in the county  
22 on salaries, wages, commissions, and other compensation earned for work done  
23 and services performed or rendered.

24 Section 3. KRS 91.200 is amended to read as follows:

25 (1) The board of aldermen of every city of the first class, in addition to levying ad  
26 valorem taxes, may by ordinance impose license fees on franchises, provide for  
27 licensing any business, trade, occupation, or profession and the using, holding, or

- 1 exhibiting of any animal, article, or other thing.
- 2 (2) License fees on a business, trade, occupation, or profession for revenue purposes  
3 may be imposed at a percentage rate not to exceed those hereinafter set forth on:
- 4 (a) Salaries, wages, commissions and other compensations earned by every  
5 person within the city for work done and services performed or rendered in the  
6 city (all of such being hereinafter collectively referred to as "wages"); and
- 7 (b) The net profits of all businesses, professions, or occupations from activities  
8 conducted in the city (hereinafter collectively referred to as "net profits").
- 9 (3) Licenses imposed for regulatory purposes shall not be subject to such limitations as  
10 to form and amount. No company that pays an ad valorem tax and a franchise tax is  
11 required to pay a license tax and no license tax shall be imposed upon or collected  
12 from any bank, trust company, combined bank and trust company or combined  
13 trust, banking and title business in this state, any savings and loan association  
14 whether state or federally chartered, or upon income received by members of the  
15 Kentucky national guard for active duty training, unit training assemblies, and  
16 annual field training, or on income received by precinct workers for election  
17 training or work at election booths in state, county, and local primary, regular, or  
18 special elections, or upon any profits, earnings, or distributions of an investment  
19 fund which would qualify under KRS 154.20-250 to 154.20-284 to the extent any  
20 profits, earnings, or distributions would not be taxable to an individual investor, or  
21 in any other case where the city is prohibited by statute from imposing a license tax.
- 22 (4) The rate fixed on both "wages" and "net profits" shall be one and one-fourth percent  
23 (1.25%).
- 24 (5) License fees or taxes shall be collected by the commissioners of the sinking fund.  
25 The proceeds from the taxes shall be paid to the secretary and treasurer of the  
26 sinking fund until income from all sources of the sinking fund is sufficient to pay  
27 the cost of administration and the interest charges for the current fiscal year of the

1 sinking fund in addition to a sum sufficient to amortize the outstanding principal  
2 indebtedness of the city on a yearly basis in accordance with regularly used  
3 amortization tables.

4 (6) Revenue remaining after meeting the foregoing requirements shall be transferred to  
5 the city. Such revenues shall be credited to the general fund of the city as received  
6 and may be expended for general purposes or for capital improvements.

7 (7) The term "capital improvements" as used in this section is limited to additions or  
8 improvements of a substantial and permanent nature and services rendered in  
9 connection therewith, and includes but is not limited to:

10 (a) The purchase of rights of way for highways, expressways, and the widening of  
11 existing streets;

12 (b) The purchase of lands for park, recreational, and other governmental facilities  
13 and for public off-street parking facilities;

14 (c) The purchase, construction, reconstruction, renovation, or remodeling of  
15 municipal buildings, and facilities;

16 (d) The replacement of machinery, wires, pipes, structural members or fixtures,  
17 and other essential portions of municipal buildings;

18 (e) The initial equipment of any newly acquired facility wherein any essential  
19 governmental function of the municipality may be located or carried on;

20 (f) The purchase and installation of traffic control devices and fire alarm  
21 equipment;

22 (g) The reconstruction and resurfacing, but not routine maintenance, of streets and  
23 other public ways;

24 (h) The acquisition of motorized equipment purchased as additions to, but not  
25 replacements for, existing equipment; and

26 (i) Engineering and other costs incurred by the city in connection with the  
27 construction of public improvements financed under a special assessment

1 plan.

2 (8) Ad valorem taxes for the benefit of the sinking fund shall not be levied unless the  
3 income of the sinking fund is otherwise insufficient to meet such requirements.

4 (9) Licenses shall be issued and enforced on terms and conditions as prescribed by  
5 ordinance.

6 (10) Pursuant to this section, no city of the first class shall regulate any aspect of the  
7 manner in which any duly ordained, commissioned, or denominationally licensed  
8 minister of religion may perform his or her duties and activities as a minister of  
9 religion. Duly ordained, commissioned, or denominationally licensed ministers of  
10 religion shall be subject to the same license fees imposed on others in the city on  
11 salaries, wages, commissions, and other compensation earned for work done and  
12 services performed or rendered.

13 Section 4. KRS 92.300 is amended to read as follows:

14 (1) The legislative body of any city of the second to sixth class may by ordinance  
15 exempt manufacturing establishments from city taxation for a period not exceeding  
16 five (5) years as an inducement to their location in the city. In cities of the third  
17 class, two-thirds (2/3) of the members of the city legislative body must concur for  
18 this purpose.

19 (2) No city of the second to sixth class or urban-county government may impose or  
20 collect any license tax upon any bank, trust company, combined bank and trust  
21 company, or trust, banking and title insurance company organized and doing  
22 business in this state, any savings and loan association whether state or federally  
23 chartered, or upon income received by members of the Kentucky national guard for  
24 active duty training, unit training assemblies and annual field training, or upon  
25 income received by precinct workers for election training or work at election booths  
26 in state, county, and local primary, regular, or special elections.

27 (3) Unpaid volunteer members of fire companies in cities of the fourth class shall be



1 exempt from city poll taxes so long as they remain active members.

2 (4) Pursuant to KRS 92.281, no city shall regulate any aspect of the manner in which  
 3 any duly ordained, commissioned, or denominationally licensed minister of  
 4 religion may perform his or her duties and activities as a minister of religion.  
 5 Duly ordained, commissioned, or denominationally licensed ministers of religion  
 6 shall be subject to the same license fees imposed on others in the city enacted  
 7 pursuant to KRS 92.281.

8 Section 5. KRS 160.483 is amended to read as follows:

9 (1) The license fees imposed under KRS 160.482 to 160.488 on businesses, trades,  
 10 occupations, and professions shall be at a single, uniform percentage rate not to  
 11 exceed one-half of one percent (0.5%) of:

12 (a) Salaries, wages, and commissions, and other compensations earned by persons  
 13 within the county for work done and services performed or rendered in the  
 14 county; ~~and~~

15 (b) The net profits of all businesses, trades, occupations, and professions, for  
 16 activities conducted in the county.

17 (2) The license fees, once imposed, shall continue from year to year until changed as  
 18 prescribed in KRS 160.484.

19 (3) No public service company which pays an ad valorem tax is required to pay a  
 20 license fee ~~hereunder~~.

21 (4) No license fee shall be imposed upon or collected from:

22 (a) Any bank, trust company, combined bank and trust company, combined trust,  
 23 banking and title business in this state; ~~and~~

24 (b) Any savings and loan association whether state or federally chartered;

25 (c) ~~Any~~ ~~or upon~~ income received by members of the Kentucky National Guard  
 26 for active duty training, unit training assemblies, and annual field training; ~~and~~

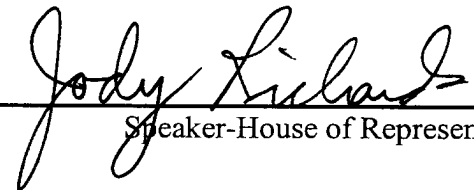
27 or

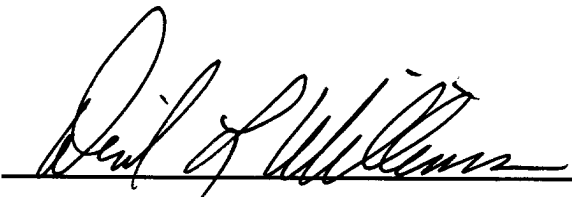
1        (d) ~~Any~~<sup>upon</sup> income received by precinct workers for election training or work  
2                at election booths in state, county, and local primary, regular, or special  
3                elections.


4        (5) No license tax shall be collected from any individual who is not a resident of the  
5                county of the tax-levying authority imposing the tax.

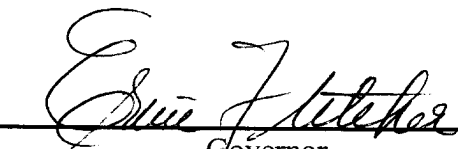
6        (6) Pursuant to this section, no tax-levying authority shall regulate any aspect of the  
7                manner in which any duly ordained, commissioned, or denominationally licensed  
8                minister of religion may perform his or her duties and activities as a minister of  
9                religion. Duly ordained, commissioned, or denominationally licensed ministers of  
10              religion shall be subject to the same license fees imposed on others by the tax-  
11              levying authority on salaries, wages, commissions, and other compensation  
12              earned for work done and services performed or rendered.

13        Section 6. This Act takes effect July 1, 2005.

  
Speaker-House of Representatives

  
President of the Senate

Attest:   
Chief Clerk of House of Representatives

Approved   
Governor

Date 